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FISCAL IMPACT STATEMENT

LS 7482

BILL NUMBER: HB 1505

NOTE PREPARED: Feb 16, 2005

BILL AMENDED: Feb 15, 2005

SUBJECT: Mesker Park Zoo tax area.

FIRST AUTHOR: Rep. Becker

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows Vanderburgh County to designate the Mesker Park Zoo Development Tax Area covering certain facilities. It requires the area to be established before July 1, 2006, and provides that the area terminates not later than December 31, 2035. The bill provides that covered taxes earned in the tax area are allocated to the Mesker Park Zoo account. The bill provides that money in the account may be used only for: (1) a Mesker Park Zoo capital improvement; or (2) the financing or refinancing of a capital improvement.

Effective Date: July 1, 2005.

Explanation of State Expenditures: This bill will have an indeterminable administrative cost impact on the Department of State Revenue (DOR) and the State Budget Agency (SBA). It is presumed that both agencies will be able to cover the impact through the use of existing staff and resources.

This bill requires the DOR to adopt rules and written guidelines to govern the allocation of the covered taxes to the tax area established in this bill.

This bill requires the SBA to approve the resolution establishing the tax area that is passed by the Vanderburgh county legislative body. The SBA must make the following findings:

- (1) The cost of the facility specified under the resolution exceeds ten thousand dollars (\$10,000).
- (2) The capital improvement specified by the resolution is economically sound and will benefit the people of Indiana.

(3) Vanderburgh County has committed significant resources toward completion of the improvement.

Explanation of State Revenues: (Revised) This bill will have an indeterminable impact on tax revenue of the state. Assuming normal population growth this bill caps the revenue impact at no more than approximately \$900,000 per year for the next twenty years.

This bill allows the establishment of a special taxing district to be named the Mesker Park Zoo Development Tax Area (MZTA). The area may include any of the following:

- (1) Any facility that is:
 - (A) located in Vanderburgh County; and
 - (B) part of:
 - (I) Burdette Park; or,
 - (ii) Mesker Park Zoo.
- (2) Any parcel of land on which a facility described in subdivision (1) is located.
- (3) Noncontiguous tracts of land within Vanderburgh County.

This bill provides that the “covered taxes attributable to the MZTA are to be deposited in the Mesker Park Zoo Account as established by the bill. The Zoo Account is administered by the DOR, and the money from the account does not revert to the state General Fund.

The bill states that “covered taxes include:

- (1) The state Gross Retail Tax imposed under IC 6-2.5-2-1 or use tax imposed under IC 6-2.5-3-2.
- (2) An Adjusted Gross Income Tax imposed under IC 6-3-2-1 on an individual.
- (3) A County Option Income Tax imposed under IC 6-3.5.

In addition the bill provides that any state and local taxes on salary, wages, bonuses, or other compensation that are:

- (1) paid during a taxable year to an employee of Mesker Park Zoo;
- (2) taxable in Indiana; and
- (3) earned in the tax area;

must be allocated to the tax area.

The bill provides that the total amount of state revenue captured by the tax area may not exceed five dollars \$5 per resident of the county per year for 20 consecutive years. Assuming normal population growth this provision will limit the district to capturing no more than approximately \$900,000 per year for the next twenty years. Multiplying \$5 by the population of Vanderburgh County in 2003 (171,889) equals \$859,445. The estimated total for the next 20 years is approximately \$18.7 M.

Explanation of Local Expenditures: This bill will have an administrative cost impact on the Vanderburgh County legislative body. It is presumed that the body could cover the impact through the use of existing staff and resources. This bill requires the body to make findings and pass a resolution establishing the MZTA. The bill requires the following findings:

- (1) There is a capital improvement or project that will be undertaken or has been undertaken in the tax

area for a facility that is part of Mesker Park Zoo.

(2) The capital improvement or project that will be undertaken or has been undertaken in the tax area will be of public utility and benefit.

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: Department of Revenue; State Budget Agency.

Local Agencies Affected: Vanderburgh County Legislative Body.

Information Sources: <http://www.stats.indiana.edu>

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